

***Full Cost Decision Memorandum # OT-04***

***Issue:***

What is the policy for charging institutional costs to Earmarks?

***Source / reference:***

LaRC Office of the Chief Financial Officer (OCFO)

***Background:***

Various earmark activities are approved from Congress during the federal appropriation process. Such earmark activities are not planned in the budget process for usage of Center services. In that regard, earmark activities may use significant amounts of workforce, services, and Center G&A. Recently, the Agency has determined earmark activities should be charged associated institutional costs.

***Options:***

1. Do not charge earmark activities institutional cost
2. Charge earmark activities associated institutional costs

***Decision:***

Option 2. Earmark activities will be charged associated institutional costs. In that regard, any earmarks that are using in-house activities will be charged the standard rates approved for NASA activities. However, many earmark activities are considered “pass-through” only. Such pass-through earmarks are administered by LaRC personnel and sent to other entities as indicated by Congress. These types of activities utilize many administrative functions at the Center. In that regard, the Office of the Director, the Office of the Chief Financial Officer, the Office of Chief Council, the Office of Procurement, the Office of Communications and Education, and the Incubator Institute typically work with earmark activities. As such, the Center will charge an administrative fee to recover costs administered on pass-through earmark activities as allowed by Congress<sup>1</sup>. The fee for pass-through earmarks will be established at 4%<sup>2</sup> of total costs. In that regard, the Center will revisit the fee on a periodic basis to ensure appropriate costs recover for administrative activities.

***Approved by LaRC CFO (Ken Winter) 9/7/05***

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Notes:

- (1) Congress may indicate whether or not administrative charges are allowed to be charged to earmark activities. If such direction is provided, LaRC will follow all noted Congressional direction as indicated by NASA Headquarters.
- (2) The 4% fee was established based on the full cost FY 04 budgets for the noted administrative organizations (~\$30m) divided by the total center budget (~\$800m).